

March 30, 2020

To: County Public Works Directors
CEAC Transportation Committee
County Legislative Coordinators

From: Chris Lee, CSAC Legislative Representative
Marina Espinoza, CSAC Legislative Analyst

Re: **COVID-19 Impact on Fuel Consumption and SB 1 Project List Adoption**

Fuel Tax Revenue Estimates for FY 2019-20 and FY 2020-21

CSAC staff have been in touch with the Department of Finance regarding impacts to fuel tax revenues due to the apparently significant decrease in driving and fuel consumption as Californians “shelter in place” consistent with state and local public health orders (e.g. <https://www.unacast.com/covid19/social-distancing-scoreboard>).

While it is still too early to determine the magnitude of the fuel tax revenue impact in March, or to forecast impacts in subsequent months, please keep the following in mind:

- **Fuel excise taxes are collected a month in arrears** and each successive month includes a true-up from the previous month. Accordingly, the **May 2020 allocation** of fuel tax revenue will provide some idea of the magnitude of the consumption reduction due to COVID-19.
- While this consumption data will be helpful, the more important issue will be the **length of the effect**, especially if “shelter in place” orders last for several additional weeks/months, which is currently impossible to predict.
- **Recall that SB 1 removed the direct link between fuel prices and county road maintenance revenue.** In prior recessions, including the “Great Recession,” fuel consumption did not decrease as significantly as fuel prices did—the current situation, however, may not be directly comparable.
- The **Department of Finance normally updates its fuel consumption forecast as part of the May Revise of the Governor’s budget proposal**, which typically comes out in mid-May.
- The only **constitutional deadlines for the State Budget** are the **January 10** submission by the Governor and the **June 15** approval of the budget bill by the Legislature. Given the timing of the public health crisis during the budget cycle, and the fact that the Legislature is currently in recess, the FY 2020-21 budget process will likely be significantly different from a typical year.
- CSAC will be closely monitoring the situation, coordinating with the Department of Finance, and keeping counties and CEAC apprised of any developments. In the meantime, **please reach out to Marina Espinoza (mepinonza@counties.org) with any additional questions**—we’ll do our best to answer them.

- **For additional county-focused information on COVID-19**, including Executive Orders and CSAC advocacy documents, please see CSAC's webpage:
<https://www.counties.org/carousel/resources-regarding-coronavirus-covid-19>

SB 1 Local Street and Roads Project Resolution – Due May 1 to CTC

Due to operational issues encountered by counties responding to the public health emergency, **CSAC has requested an extension to July 1 of the deadline for submission of FY 2020-21 Local Streets and Roads** resolutions to the California Transportation Commission. We are aware of ongoing discussions at the state-level regarding a potential deadline extension, but an extension has **NOT** yet been granted.

Please let me or Marina know immediately if operational issues may prevent a submission by the current deadline of May 1. Additional details here: <https://www.counties.org/csac-bulletin-article/action-needed-may-1-receive-local-sb-1-funding>

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